

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Meeting

Thursday March 25, 2021 at 4:00 p.m.

PSWID Administrative Office

6306 W Hardscrabble Rd.

Pine, AZ 85544

1. CALL TO ORDER

Alan Kleinman called the meeting to order at 4:00 p.m.

2. PLEDGE OF ALLEGIANCE

Led by Alan Kleinman

3. PRAYER

Offered by Roger Childers

4. ROLL CALL OF BOARD MEMBERS

Conducted by Alan Kleinman: Board members present: Alan Kleinman, Sharon Hillman, Tammy Albright, Roger Childers, Raymond Headings, George Gorkowski and Larry Bagshaw. A quorum was present. Paul Hendricks, EUSI, and Robert Arbuthnot, the general manager, were also present. Riley Snow, the district's attorney was present via phone.

5. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETINGS:

Nov. 19 Regular and Special Board Meetings, Dec. 17 Special Board Meeting, Jan. 13 Special Board Meeting, Feb. 25 Regular Board Meeting, and Mar. 12 Special Board Meeting – Sharon Hillman moved that these be approved. George Gorkowski seconded the motion. The motion carried unanimously.

6. REPORTS TO THE BOARD

- a. WIFA/EUSI Program Manager's Report – As posted to the website.
- b. Treasurer's report – As posted to the website.
- c. Secretary's report – As posted to the website
- d. General Manager's Report –As posted to the website.
- e. District Attorney's Report –Riley Snow has been working with Sharon Hillman and the General Manager on the USDA funding.
- f. Chairman's report – As posted to the website.
- g. Personnel Advisory Group Report – Tammy Albright is currently interviewing the staff along with Ray Headings.

7. CALL TO THE PUBLIC

Vincent Saccio had a question about the building permits issued by Gila County and if they issued permits without will serve letters. No. A will serve letter is required beforehand.

8. OLD BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING AN UPDATE ON THE USDA**

GRANT/LOAN. Sharon Hillman. The team is continuing to work on the letter of conditions. The engineering contracts for the first 5 projects have been approved by the USDA. In conjunction with the WIFA Design loan funding, the engineering firms will be able to begin work on the project plans as well as the water modeling study.

- II. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE CORRECTIVE ACTION POLICY.** Tammy Albright. Sharon Hillman pointed out that a lot of the information in the corrective action policy is already in the employee handbook. Both need to be integrated together. Also perhaps the employee handbook should be renamed. Tammy moved to table this until the April meeting. Sharon Hillman seconded the motion. The motion carried unanimously.
- III. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE WIFA DESIGN LOAN APPLICATION.** Sharon Hillman. All of the required application items have been completed and submitted to WIFA staff. The application will be on the WIFA agenda for the April 22, 2021 meeting for approval of the loan in the amount of \$2.5 M. If approved, the loan will be on the agenda of the Authority Board Meeting, the following week for final approval. Once approved, loan documents will be prepared for all signatures. The funds may be available in May 2021 for all engineering contracts.
- IV. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING AN UPDATE TO THE RATE STUDY.** Sharon Hillman. All requested documents for the preparation of an analysis and rate study have been provided to RCAC. A work plan has been established and provided to the board. A public study session will be held on May 27 before the board meeting to develop the rate structure.

9. NEW BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE RAGHT HEALTH INSURANCE CHANGES FOR FY 2021-2022.** Jodee Smith. The RAGHT Health insurance rates will increase 8% on July 1, 2021. The board needs to decide if it will continue providing the current level of insurance, or change the amount it covers for the employee and dependents. Currently, the district is covering 100% of the employee's costs and 50% of the dependent's costs. The additional cost to continue coverage at the current levels will be about \$5,000. Sharon Hillman moved that the district cover 100% of the employee coverage and 40% of the dependent coverage. Larry Bagshaw seconded the motion. The motion failed 3 to 4 with Roger Childers, Ray Headings, Tammy Albright, and Alan Kleinman dissenting. Roger Childers moved that the district continue covering employees at 100% and dependents at 50%. Ray Headings seconded the motion. The motion passed 4 to 3 with Sharon Hillman, Tammy Albright, and George Gorkowski dissenting.
- II. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING BUDGET REVISIONS.** Sharon Hillman. Funds have been allocated from the additional debt service from Compass Bank item to Operations and Administration of \$50,000 each.

The operation budget has been increased for the 6 month operator of record fees as well as other increased costs. The administrative budget has been increased due to additional salaries and IT services required to complete the network installation for security purposes, etc.

In addition, \$500,000 of the funds in the Potential grant/Non-Revenue Funds have been allocated to BBVA/USDA Capital Projects. We are now incurring costs for legal and program management fees for the USDA program. These funds will be submitted for reimbursement when the first phase loan closes. Sharon moved that the board approve the above budget revisions. George Gorkowski seconded the motion. The motion passed unanimously.

- III. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING RATIFYING A USDA EMERGENCY WELL GRANT APPLICATION.** Sharon Hillman. The documents for the \$500,000 grant have been prepared and submitted to USDA for processing. If we are successful, these funds will apply to the loan for the new well in Strawberry. No action required at this time.
- IV. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING IMPLEMENTING A POLICY RESTRICTING CONSTRUCTION WATER SALES TO PROJECTS WITHIN PSWID'S SERVICE AREA.** Robert Arbuthnot. Last summer the district was supplying construction water to a contractor who was working on Forest Road 300 in Coconino County. By October, the drought conditions had impacted our shallower wells and our customers were asked to conserve water. The community reacted and was unhappy that we were selling water to contractors working out of the area while asking our customers to conserve water. Larry Bagshaw moved that PSWID will not sell construction water to anyone but our own PSWID contractors. Tammy Albright seconded the motion. The motion carried unanimously.
- V. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING APPROVING A VULNERABILITY ASSESSMENT/EMERGENCY RESPONSE PLAN.** Sharon Hillman. No information was ready yet on this. Sharon Hillman moved that this be tabled until April. Larry Bagshaw seconded the motion. The motion carried unanimously.
- VI. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING FORMING A BUDGET ADVISORY GROUP TO HELP FORMULATE THE BUDGET.** Sharon Hillman. With the continuing need for the District to secure funding for the capital improvements over the next 5 plus years, and the ability to manage the annual budgets, it is recommended that the district formulate a Budget Advisory Group to work with the Treasurer and accountant in the preparation of the preliminary budget and proposed budgets for the next fiscal year. The group will include the Treasurer, the District's accountant and 2 volunteer board members, Ray Headings and George Gorkowski. After a short discussion, Sharon moved that the district form a Budget Advisory Group to assist in the annual budget preparation and appoint the group members as listed above. Larry Bagshaw seconded the motion. The motion carried unanimously.

VII. DISCUSS AND TAKE POSSIBLE ACTION REGARDING A MORATORIUM ON ISSUING WILL SERVE LETTERS TO NEW DEVELOPMENTS. Larry Bagshaw. Due to the ongoing drought conditions, and the district's current high water loss between the pumps and the meters, accompanied by requests for will serve letters for several proposed new multiple unit housing developments; it is recommended that the board impose a moratorium on issuing will serve letters on all new requests for service until the water issues are resolved. The water model study that is in progress should help us get a handle on how many customers the district can serve as will a new proposed deep well in Strawberry. The current Master Plan is dated 2014, and now seven years later, more growth has occurred than originally estimated. There is nothing in writing currently that Gila County requires will serve letters for new builds from PSWID before plans can be submitted; it is an oral agreement between a former district manager and the Gila County Planning and Zoning Department. Comments were made and questions were asked by Vincent Saccio, Pam Mason, and Susan Preston. Larry Bagshaw moved that no new will serve letters be issued until the district's water problems are resolved. Sharon Hillman seconded the motion. The board was polled for their votes. Larry Bagshaw, Sharon Hillman, Roger Childers, and Alan Kleinman voted yes. George Gorkowski, Tammy Albright, and Ray Headings voted no. The motion passed 4 to 3. The requests for service for single family homes that are in progress can go forward. A letter regarding the moratorium on will serve letters will be drafted to be sent to Gila County.

VIII. DISCUSS AND TAKE POSSIBLE ACTION REGARDING AN UPDATE ON THE STATUS OF ALL OF THE WELLS. Robert Arbuthnot. A well report was given to the board at the start of the meeting by Ben Rowe and shortly discussed during the general manager's report.

10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON APRIL 22, 2021.

- I. Corrective Action Policy
- II. USDA Update
- III. Vulnerability Assessment/Emergency Response Plan

11. MOTION TO ADJOURN. Tammy Albright moved the meeting be adjourned. George Gorkowski seconded the motion. The motion carried unanimously.